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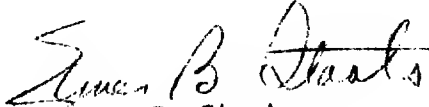
OPERATIONS COORDINATING BOARD  
Washington 25, D. C.

September 13, 1954

MEMORANDUM FOR THE BOARD ASSISTANTS

SUBJECT: Special Status Report on Pakistan

In connection with the Status Report for the meeting of the OCB on August 25, reference was made to a number of recent developments in connection with Pakistan. Following discussion, the Board requested that the working group prepare "a special progress report for the early attention of the Board". There is attached a special status report dated September 10. It is suggested that this report be noted by the Board Assistants in behalf of the Board members. In the meantime parts of the report will be reported to the Board through the weekly status report.

  
Elmer B. Staats  
Executive Officer

Attachment:

Special Status Report  
on Pakistan, dated Sept. 10, 1954.

NSC review(s) completed.

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OPERATIONS COORDINATING BOARD  
Washington 25, D. C.

September 10, 1954

SPECIAL STATUS REPORT ON PAKISTAN

Political Situation

In the past few months the Government of Pakistan under its dominant clique of western-minded leaders has warded off a serious threat to the country's stability and integrity. Elections in East Bengal (East Pakistan) last March ended Muslim League control of the province's government which passed into the hands of a "United Front" party, heavily infiltrated with communists and, in spite of its overwhelming victory at the polls, beset by incompetent and divided leadership. Following serious disorders in some of East Bengal's industrial establishments and other signs of deterioration in provincial government effectiveness, the central government at Karachi ousted the province's chief minister and cabinet on May 30, placing all powers in the hands of a newly appointed governor. The latter, General Iskander Mirza, a key member of the ruling clique in Karachi, has taken forthright action to assure the maintenance of law and order and suppression of communist activity while he has recognized that the basic problem is the need to bolster the province's sagging economy.

The other provinces and the central government remain under control of the Muslim League, Party of the Prime Minister, although the party is faction-ridden and lacks organization and adequate leadership. Opposition parties are, however, even more ineffective. We continue to believe that Mohammed Ali and the group supporting him constitute the best hope for Pakistan's own progress and for fulfillment of its role in area defense.

Military Aid to Pakistan

In implementation of the formal military aid agreement signed with Pakistan May 19, a MAAG mission arrived in Pakistan in early August. The group has commenced consultations with Pakistani military and civilian officials preparatory to ready incorporation into existing forces of initial flow end items. Formal approval has been given to a figure of \$29.5 million as the FY 1955 program for Pakistan. These funds provide the first step toward the force goal outlined by the JCS: equipping four infantry and 1½ armored divisions. We estimate

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that \$130 million will be required for equipment and training only in order to complete Phase I of the Pakistan expansion plan (adequate armament of the Army at its present strength with modest additions to Navy and Air Force strength).

Pakistani dissatisfaction with a number of aspects of the program has emerged in discussion with U.S. officials:

1) It is evident that a number of high Pakistani officials have assumed from the outset that general economic assistance to help Pakistan support an increased military machine was implicit in the MDAP. While pointing out that the Heinz Mission would give consideration to means of strengthening the Pakistan economy to carry heavier military burdens, we have at the same time tried to make it clear that we do not envisage a military machine any greater than can be supported by a healthily expanding Pakistan economy.

2) There has been disappointment of exaggerated Pakistani hopes for the size of the program and expressions of irritation at our inability to reveal long-range plans for their role in Middle East defense.

3) At the same time we have been surprised to learn that the Pakistanis are saying they cannot absorb our equipment without raising the existing level of their army forces, a course which they say is prevented by internal budget stringencies. If special economic assistance in the form of commodities is sent to Pakistan, it may be necessary to use some rupee counterpart proceeds to supplement Pakistan's internal military budget. Alternatively we might consider assuming the cost of some \$8 million of still undelivered military equipment which Pakistan has purchased in this country.

In general we believe that the present deficiencies in Pakistan's existing military establishment must be overcome before we can undertake more ambitious programming. However, during this initial phase it should be possible through continuing consultation to obtain a clearer picture of the long-term military and economic requirements needed to permit Pakistan to play a significant role in area defense.

#### Special Economic Assistance to Pakistan

The Heinz Mission has returned from Pakistan after surveying that country's essential economic needs and its own abilities to meet those needs in the near future. The Mission's summary report gives a review of Pakistan's present economic difficulties. It states that there are visible signs of severe economic strains. These strains far exceed those anticipated by the Pakistan Government when it decided to devote its available financial resources to rapid economic development (with limited outside assistance) and to maintaining a heavy defense budget. Deteriorating foreign exchange availabilities have had their full impact

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on commercial imports for industries and consumers, resulting in critical shortages of goods needed to maintain industrial production and to avert disease, unrest, and collapse of morale among the people.

The mission believes that the continuance or worsening of the aforementioned strains could be expected to weaken the entire fabric of Pakistan's political and economic stability. Also, it would discredit the present pro-American government and its policy of cordial association with the United States in efforts to bolster regional strength against communist imperialism and subversion.

Members of the Mission are now engaged in the work of finalizing their report, which is expected to recommend that the United States provide commodity import aid costing about \$76 million in addition to the existing aid program for Pakistan in fiscal year 1955 and future substantial development programs. The recommended aid figure takes account of possible Canadian commodity aid to Pakistan, current U.S. flood relief in East Bengal, and possible IMF drawings. The incremental U.S. aid would include, but not be limited to, U.S. surplus agricultural commodities and items processed from surplus commodities: these aggregate \$18.8 million and \$18.3 million, respectively. Other needed commodities--such as petroleum--total \$39.1 million. No funds were specifically appropriated by the Congress for emergency economic assistance to Pakistan. An inter-agency study is now under way to determine the manner in which any requirements for such assistance could be financed.

#### U.S. Flood Relief for East Bengal

East Bengal, with more than half of Pakistan's population, has been visited with its worst floods within living memory. Waters in East Bengal's rivers began to rise in late July 1954 as a result of an early monsoon and very heavy rains in East Bengal, India, Sikkim and Nepal. The East Bengalis are accustomed to "ordinary" floods at about this time of year. This time the waters rose gradually but steadily; nearly 10 days passed before it was generally realized that a major disaster was at hand, involving widespread destruction of the major crops, jute and rice, loss of lives from drowning and threatened disease, and destruction of homesteads. It is still impossible to make accurate assessments of fatalities, because of the dearth of surface transportation and communications, but there have been reports that 50,000 persons have been drowned.

The chief concern of the authorities and the people affected has been the flood's aftermath: the present danger of major epidemics.

On learning of the imminence of disaster, the Department of State and the Foreign Operations Administration cabled the Embassy at Karachi on August 6 for urgent advice as to the nature of the problem and as to whether U.S. Government emergency aid was needed. This cable crossed

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with a cable from Karachi, of the same date, containing recommendations from the Heinz Mission, the Embassy and the FOA Mission for an emergency flood relief program in the form of drugs and medicines, and needed commodities such as cottonseed oil and cotton piece goods.

In due course Washington was advised as to specific requirements of medical corpsmen, medicines and relief supplies and equipment.

Inter-agency meetings in Washington among officials of State, FOA, the Department of Defense, the Public Health Service, and other interested agencies, resulted in rapid coordinated action. The first U.S. Air Force relief plane arrived at Dacca on August 16 bringing medical supplies from the U.S. The Pakistanis who witnessed its arrival expressed admiration for the efficiency of the U.S. armed services personnel. Much of the personnel involved had been mobilized for the mercy flights on a few hours' notice.

Dr. Alexander Langsmir, Chief of the Epidemiology Service of the U.S. Public Health Service, was selected as the top flood relief coordinator, and arrived at Dacca on August 19. About 100 U.S. Army medical corpsmen teamed up with members of the Pakistan Army Medical Corps to carry out mass inoculations in affected areas. By late August these combined teams were averaging about 40,000 immunizations a day.

On August 12, Governor Stassen authorized an emergency allotment of \$5.5 million to cover the necessary costs of the program. Vaccines and medical supplies flown out to the afflicted area cost an estimated \$550 thousand. Cotton piece goods, valued at an estimated \$2 million, are being procured in India by an Emergency Procurement Staff of the General Services Administration. Nine hundred tons of refined cottonseed oil for cooking purposes should arrive in East Bengal by ship early next month. Three hundred tons of dried milk were borrowed from UNICAF in India and sent to Pakistan. In addition to U.S. supplies, U.S. "flying boxcar" planes have brought in supplies from Geneva supplied by the International Red Cross, Canada, Switzerland and Luxembourg.

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## ROUTING AND RECORD SHEET

INSTRUCTIONS: Officer designations should be used in the "TO" column. Under each comment a line should be drawn and each comment numbered to correspond with the number in the "TO" column. Each officer should initial (check mark) before further routing. This Routing and Record Sheet should be returned to Registry.

FROM:

OCB

TELEPHONE

NO.

DATE

13 Sept 55

TO	ROOM NO.	DATE		OFFICER'S INITIALS	TELEPHONE	COMMENTS
		REC'D	FW'D			
1. SA/PCJ						
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FORM NO. 1 APR 55

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REPLACES FORM 51-10 WHICH MAY BE USED.

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